



Southeastern Idaho News

BANNOCK, BEAR LAKE, BINGHAM, CARIBOU, FRANKLIN, ONEIDA & POWER COUNTIES

ECONOMIC TRENDS

Several factors combined to keep the unemployment rate in the Pocatello Metropolitan Statistical Area a low 3.4 percent through October. Good weather allowed large construction projects to continue without interruption and smaller contractors to start new projects. Highway and road construction continued throughout the month, and many projects progressed further than originally anticipated. The good weather also kept demand high for construction workers throughout the harvest season, and many farmers were required to pay higher wages to get qualified workers.

In addition to many construction jobs, there was a high demand for skilled labor at large oil drilling and exploration companies across the Idaho border in Wyoming and Utah. When the price of oil was more than \$80 per barrel, it seemed these jobs would be permanent, but with the recent drop to \$60 per barrel, exploration work may be scaled back, although some oil exploration permits have been issued in the Montpelier area.

There were still plenty of workers to meet the high demand. Several retail stores opened in the area, and all were able to adequately meet their staffing needs.

SPECIAL TOPIC: Economic Multiplier

The concept of an economic multiplier effect seems to be well known but not well understood. Many individuals confuse the multiplier with dollar turnover. Turnover is the number of times dollars exchange hands once they are received from outside the local economy. A multiplier estimates the ripple effect of an economic event in a defined area. The ripple effect occurs because of the interdependence of economic units in the area. The effect is most often measured at the state, regional or county level. Events that result in a positive multiplier might be the addition or expansion of a

Southeastern Idaho Table 1: Pocatello MSA Labor Force & Employment Bannock and Power counties

	Oct 2006*	Sep 2006	Oct 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	45,630	46,180	44,530	-1.2	2.5
Unemployment	1,560	1,700	1,570	-8.2	-0.6
% of Labor Force Unemployed	3.4	3.7	3.5		
Total Employment	44,070	44,480	42,960	-0.9	2.6
Unadjusted					
Civilian Labor Force	45,950	45,570	44,880	0.8	2.4
Unemployment	1,310	1,400	1,330	-6.4	-1.5
% of Labor Force Unemployed	2.9	3.1	3.0		
Total Employment	44,640	44,170	43,550	1.1	2.5
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	40,800	40,480	39,440	0.8	3.4
Goods-Producing Industries	6,200	6,160	5,780	0.6	7.3
Natural Resources & Mining	30	30	30	0.0	0.0
Construction	2,760	2,740	2,380	0.7	16.0
Manufacturing	3,410	3,390	3,370	0.6	1.2
Food Manufacturing	1,130	1,120	990	0.9	14.1
Fabricated Metal Product Manufacturing	170	170	150	0.0	13.3
Machinery Manufacturing	210	220	110	-4.5	90.9
Other Manufacturing	1,900	1,880	2,120	1.1	-10.4
Service-Providing Industries	34,610	34,320	33,660	0.8	2.8
Trade, Transportation & Utilities	7,730	7,650	7,460	1.0	3.6
Wholesale Trade	1,400	1,390	1,330	0.7	5.3
Retail Trade	4,840	4,780	4,640	1.3	4.3
Utilities	40	40	40	0.0	0.0
Transportation & Warehousing	1,450	1,440	1,450	0.7	0.0
Information	770	760	740	1.3	4.1
Financial Activities	2,180	2,160	2,090	0.9	4.3
Professional & Business Services	5,310	5,180	4,860	2.5	9.3
Educational & Health Services	3,480	3,470	3,380	0.3	3.0
Leisure & Hospitality	3,270	3,430	3,410	-4.7	-4.1
Other Services	1,220	1,220	1,190	0.0	2.5
Government Education	6,100	5,750	6,100	6.1	0.0
Government Administration	4,560	4,700	4,430	-3.0	2.9

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

business or the occurrence of a spectator-related event, such as a major sports game or musical performance, which would attract additional people to an area. Every dollar spent by an outside source can be spent over and over again. But that does not mean multipliers will always be large because the dollars available for spending become fewer after each round of spending. This phenomenon is called "leakage." The three primary forms of leakage are savings, taxes and spending outside the local economy. For example, if there is a leakage of 25 percent between the initial expenditure and the first round of respending, only 75 percent of the original amount will be respent. The next round would drop to

56.25 percent – 75 percent of 75 percent. The higher the leakage, the lower the multiplier effect. In this example, a leakage of 40 percent would result in a multiplier of only 60 percent.

There are three general types of multipliers. Total output multipliers compute the total impact of a change in demand. Earnings multipliers measure impact on income and employment as a result of demands placed on a particular region. Employment multipliers calculate the total number of jobs created by final changes in demand. Of the three, the earning multiplier is the most suitable for estimating economic impacts of a particular business activity.

Several factors are taken into consideration in determining the size of multipliers for an area. Generally, the smaller the area being evaluated the smaller the multiplier. This is because people living in smaller areas have to purchase more items outside their economic area because they are not available locally. Events involving higher wages generally have higher multipliers because there is an increase in disposable income. Industries that derive most of their revenue outside of the region will have a higher multiplier because additional money is brought into the producing region.

It is unwise to generalize about multiplier effects because multipliers vary from industry to industry and area to area. For example, in Arkansas poultry and egg processing plants have an output multiplier of 2.4 while the canned fruit and vegetable industry has a multiplier of 1.7. In Kootenai County, Idaho, production of portable buildings has a multiplier of 2.4 and restaurants have a multiplier of 1.2. If a person used an average multiplier of 2.0, the impact of a restaurant in Kootenai county and canned fruit and vegetable processing plant in Arkansas would be overstated. The impact of manufacturing portable buildings in Kootenai County and the poultry/egg processing plants in Arkansas would be understated.

Because of the differences region to region, multipliers provide estimates of economic impacts, not exact measurements of change. Multiplier numbers change over time because of changes in such things as buying habits, technology and regional market relationships. When evaluating such impacts it is important to get the most recent multiplier available.

The U.S. Bureau of Economic Analysis is the source for a multiplier most often used by Idaho Commerce & Labor economists. The system is called Regional Input/Output Multipliers and is based on an accounting system using input purchased and output sold for each industry in a region. The system is used as part of economic modeling and forecasting by regional economists throughout the state.

AREA DEVELOPMENTS

Bannock County

- The bridge replacement over Interstate 15 was completed in late November, marking completion of the first phase of a two-year \$5.77 million Idaho Department of Transportation construction project. The second phase, starting in the spring, will be replacing the southbound bridge. Construction and other new business activity have continued in Bannock County. Both residential and commercial builders were busy through November, and the Pocatello office of Idaho Commerce & Labor has several job listings for construction workers.
- Local sports enthusiasts are celebrating the opening of Sportsman's Warehouse in the new Pocatello Square Shopping Center. It joins Bed Bath and Beyond, Staples, Famous Footwear, Ross Dress for Less, Mediterranean Sun, Edge Wireless, The Diamond Gallery, Money Tree, Del Taco, D.L. Evans Bank and Aarons.
- Local gourmands also have much to cheer about with the opening of Sanju's Dhaba, featuring Indian fare of curry chicken, dal, papad and rita. For those who prefer more traditional choices, construction is slated to begin within the next year on Chili's and Texas Roadhouse restaurants. Construction of Gold's Gym will also begin soon in the Rail Crossing shopping area. The new eateries will serve not only local residents but also visitors to Pocatello, who will be attending such events as the Big Sky Conference Soccer Championships; the Rocky Mountain Cross Country Championships, which attracted nearly 1,000 runners this fall, and the Pocatello Marathon. These events will be in addition to the many other high school and collegiate activities scheduled throughout each fall.
- A \$910,000 facility upgrade at Lava Hot Springs was completed in time for the traditional Veterans Day tribute when all veterans are invited to enjoy a day at the hot baths. The 45-year-old locker rooms were replaced, room was made for additional pools and operating costs were lowered. The nearly 3 million gallons of mineral water in the soaking pools range from 102 to 112 degrees and are believed to assist in lessening the effects of body pains as well as soothing the soul.
- Union Pacific Railroad announced it intends to hire 100 workers in the Pocatello area in 2007. Approximately 40 of these workers will be in new positions and approximately 60 will be replacing workers lost through attrition.

- Continued growth is anticipated in the area because of solid planning and cooperation among area leaders. Two examples are the success of tax incentive financing districts and support for establishing a foreign trade zone. The Pocatello Development Authority, which administers the tax incentive financing districts, recently published research results validating the districts' positive economic impact in terms of additional jobs and increased tax base for the area. If granted, the foreign trade zone will give manufacturing companies the ability to defer payment of a duty until the end product is sent to commerce. It will also allow companies that import raw product and ship finished goods overseas to bypass duties entirely.
- Pocatello city leaders and airport manager Len Nelson are working together to make flying from the Pocatello airport price and schedule competitive with flights originating from Salt Lake City. The general plan is to negotiate direct flights to Los Angeles or San Francisco for no more than \$100 higher than flights originating in Salt Lake City. Improvements planned at the airport in the next 18 months include a new waiting area with boarding bridges and improved parking.

Franklin and Bear Lake Counties

- The city of Preston is continuing to upgrade its water system despite a \$1.4 million shortfall caused by unforeseen cost overruns. The upgrade includes installation of water meters, construction of a new two million gallon water storage tank and looping the city with a 10-inch distribution line to equalize delivery pressure. The storage tank should be completed this winter, and the total project will be completed next summer.
- An application for a 63-lot subdivision in the Linrose area received preliminary approval from the Franklin County Planning and Zoning Commission. The lots will range in size from five to nearly 30 acres, and it is anticipated the project will be completed in four or five phases.
- Downtown Preston's Grand Theater and Cultural Arts Center, sometimes referred to as the Worm Creek Opera House, was given a new lease on life when county commissioners voted to take the building off the auction block. The decision gives the Theater Arts Council time to raise funds to make needed repairs.
- The Franklin County Medical Center's Board of Trustees voted to build a new hospital near Whitney. Work could begin by the end of 2008. Generous donations of land and money from local residents appear to have made the dream of building a new hos-

pital and a nursing home a reality in the near future. The current hospital is 75 years old. Its location in the center of town makes upgrading and expansion cost prohibitive.

- Richard Westerberg, Four County Economical Development director, was elected county commissioner and submitted his resignations from the development board as well as from the Preston School Board.

Power and Bingham Counties

- Agriculture is the usual economic focus of the economy in Power and Bingham counties each fall, and this year is no exception. Their economies will likely benefit from the combination of generally high commodity prices and good production yields. For most sugar beet producers it is shaping up to be a good year. The misfortunes of sugar producers in the area of Hurricanes Katrina, Rita and Wilma resulted in a smaller sugar crop nationally so Idaho producers were able to get higher prices as the demand for sugar remained strong. The average yield for sugar beets was 31 tons per acre. Sugar content was running about 16.5 percent. The commodity exchange indicates price per pound should be in the 19 to 20-cent range next year.
- The grain harvest was completed a couple of months earlier this fall and had good yields across the board. Prices are higher than they have been in several years. Winter wheat is above \$4.50 a bushel, spring wheat is above \$4.75 a bushel, and barley is very strong at more than \$6.85 a bushel.
- Potato yields were also strong, averaging 371 hundred-pound sacks per acre across the state. Prices remain in the \$6 to \$7 per hundred weight range, depending on quality. The state produced 121.8 million hundred weight compared to 118 million hundred weight last year. However, heavy early demand is expected to reduce inventories to about the same level as the end of last year. The early reduction in inventory is expected to keep the prices up as next spring's planting season begins.
- The long-awaited outpatient dialysis center at Bingham Memorial Hospital celebrated its grand opening Nov. 28. The facility partners with Idaho Kidney Center, which also is located in the hospital. The relationship is helpful for dialysis patients who can tap into the services of specialists without the need to travel.
- The small community of Rockland can claim to be the location of what is believed to be the first home in southeastern Idaho wired with fiber optic cable. The log home is being built by Brigham Griffin, marketing director of Direct Communications. Fiber optics is the future of communications, and copper is

predicted to soon be surpassed on the bandwidth people need. The amount of information that can be carried over fiber optic cable is so large that an individual home could broadcast data equivalent to a television station.

- Rockland citizens are currently working together to raise money to complete the high school gymnasium. This month the community sponsored a large dinner and auction and took a big step toward raising the money needed for upgrading the facility. It is hoped that by this time next year funds will be available for most of the desired upgrades.
- The Rockland Rural Fire District is considering annexing additional land into the district, which would reduce homeowner insurance and give protection to homes and property not currently covered. An annexation election could be held in February.
- Power County Comprehensive Planning Committee discovered area residents see the need for a new restaurant, the blending of building zones, protection of rural areas from urban growth, expansion and renovation of Harms Memorial Hospital, assisted living and nursing homes, growth in downtown American Falls and the need for new industrial businesses. Residents also said they welcomed more involvement from the county's minority population and more cooperation between governmental agencies.
- Power County commissioners are using mediation to resolve a dispute between local residents over a proposed cattle feedlot near American Falls. In August the county's planning and zoning commission approved a special use permit for an operation large enough to raise 1,500 calves. The decision was appealed by local residents who feel the economic gain from a feeding operation close to the city is more than offset by reduced land values and less development of business in the city because of odors produced by the operation.

Caribou and Bear Lake Counties

- Caribou County is home to some businesses nationally recognized for their quality work force. In Novem-

ber, Monsanto was recognized for its outstanding reclamation work. In December, the employees of Degerstrom Ventures were recognized for their safety record. The 77 employees of the company's Enoch and South Rass mines worked 129,778 man-hours without a lost-time injury. This is a remarkable record in the industry, and the company was recognized as the best in the West and second best in the entire nation.

- A committee will determine the feasibility of consolidating Grace School District 148 and Soda Springs School District 150. Decreasing enrollments, increasing costs, aging facilities and the proximity to one another are the reasons for considering consolidation. The committee includes superintendents, board members and community members from Grace and Soda Springs. Idaho law requires that a nine-step plan be presented to each school board before public hearings are held. The last consolidation of school districts in Idaho was 1990.
- Soda Springs and Caribou County residents are generally positive about their communities and feel the variety of outdoor activities, low crime rate, quality youth sports programs and good schools are the best things about living in the area, according to a survey this summer conducted by Partners for Prosperity. The most suggested improvement was for more economic development and job opportunities.
- An area just north of the Montpelier city limits was approved as an industrial zone. City Engineer Jason Linford was asked to look into the possibility of getting a Community Development Block Grant to pay for water line installation into areas where affordable housing is being developed.

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WEB SITE PACKED WITH LABOR MARKET RESOURCES

Idaho's Labor Market Information Web site — <http://lmi.idaho.gov> — is a key source for economic information about Idaho and how it compares to the U.S. on a variety of topics. The Web site has proven essential to businesses, students, job seekers, economic analysts and others. Find out for yourself.

